

March 09, 2010

Dear Assemblyman Radcliffe:

Thank you for your email regarding Assembly Bill 448 and thank you for inviting me to the hearing on the bill. It is unfortunate that I can not attend as my brother is having surgery for cancer and I am his care giver. However, I have a couple of quite simple comments that you can share with the Committee if you want.

As a Sergeant at Jackson Correctional Institution, nearing retirement, I can choose to sit back and simply complain about the costs of running the Department of Corrections, or I can choose to attempt to show how to save some money. Lots of money in this case! I have chosen the latter.

My original proposal was quite simple. For the inmates WHO HAVE THE FUNDS, charge a \$3 co-pay for the medications they get in Health Services at their Institution. If they have the money in their account, charge the co-pay just as we do for their initial HSU appointment. We can not deny them their care, so if they do not have the funds, the situation would be as it is today....no charge. But we have inmates here at JCI who have hundreds and sometimes thousands of dollars in their personal accounts NOT including their release accounts. What does that money get used for? For the most part, it is used for canteen purchases. Pop, chips, soups, hot sauce and so on. All the while, they continue to earn money, even if they do not work or go to school. Most of them have money sent on a regular basis from family and girlfriends. Wouldn't it be nice if the public had a deal like this?

Here at JCI, Health Service officials have told me that we fill about 100 prescriptions PER DAY, just in our prison. The DOC spends over one MILLION dollars per MONTH just for medications for inmates. This includes both "controlled" and "non-controlled" medications. And this comes out to at least 12 MILLION dollars a year. You see, many inmates use a variety of pain medications which, most of us feel, keeps their street addictions alive. AT OUR EXPENSE. Does this truly help with rehabilitation? Of course it doesn't.

I understand that there has been some concern that the administrative costs would outweigh the savings. We already have people in place that take care of "inmate accounts". They have the money, it gets deducted. As I see it, you wouldn't have to chase anyone down to collect under my idea. It is taken from their account while incarcerated. Now if the State believes inmates should be held accountable and collections after incarceration should take place, that goes beyond my original proposal and might be worth a look.

It also seems that the REAL savings is being overlooked. It is NOT the co-pay collections that save the real money. It is the amount of medication that does not have to be ordered. Like I pointed out, if this saved only 10% in medication costs, that is well over ONE MILLION dollars. Understand that the non-controlled medications such as

Tylenol and Aspirin is available for them to purchase in canteen, but why buy those items if the State is willing to give it to them free.

Here at JCI, our inmates have nearly \$100,000 in their personal accounts with about \$160,000 in their release accounts. \$100,000 for pop, chips and the occasional co-pay to HSU.

Every health official I have mentioned this idea to agrees that this would save a great deal of money Department wide. Some officials have noted that the first items that inmates will, all of a sudden, be able to get along without is things like skin cream. Tubes of skin cream is rarely used on the arms and legs as we would assume. It is used on the scalp thereby allowing inmates to NOT have to purchase hair grease! Instead of more than one pain medication, they will find they can get by with one once they realize they will be helping to pay for their care.

In conclusion, I would like to thank Representatives Radcliffe, Ziegelbauer, Molepske Jr., Knodl, Vos and Bies as well as Senators Holperin, Schultz and Hopper for seeing the merit in this idea. And thanks to the Committee on Corrections and Courts. I have chosen not to simply stand by and let those who have violated our laws and become prisoners to have a free ride while members of the public sometimes have to choose between supper and medications. I hope you will not stand by either. Other states have enacted ideas like this. Wisconsin should too. Again, thanks very much.

Sincerely,



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Assembly Bill 448  
Testimony of Department of Corrections  
March 11<sup>th</sup>, 2010  
Assembly Committee on Corrections and the Courts

Good morning, my name is William Grosshans, and I am the Administrator for the state's Division of Adult Institutions. With me today is Dr. David Burnett, Medical Director for the Wisconsin Department of Corrections. We are here to provide information regarding AB 448.

The Department of Corrections currently requires inmates in state prisons to pay a medical copayment for inmate requested face to face visits for provision of medical or dental services. The current medical copayment charge is \$7.50 and reflects the amount set per DOC Administrative Code. This amount is the highest of any state prison system in the United States. Inmates who are not able to pay are still provided medical service, and loans are issued for those who will have the ability to pay in the future due to participation in work-release, institution work programs, and educational programs. In FY08, the Department collected \$163,800 in revenue generated from medical copayments.

Under this bill, the DOC must generally require such inmates to pay a deductible, coinsurance, copayment, or similar charge for prescription drugs or devices. DOC must establish by rule the medications and devices subject to the charge, and the amount to charge for each prescription drug or device. This requirement would be in addition to current statutory requirements that inmates be charged for requested services. As a result, inmates requesting medical or dental services, who are then prescribed medications, would be subject to two co-payment charges within a single visit.

Effective September 3, 2002, the Department of Corrections, in accordance with 2001 Wisconsin Act 109, promulgated administrative rules to raise the co-pay charge from \$2.50 to \$7.50. In addition, the Department implemented a revised inmate compensation plan as a result of action taken in 2003 Wisconsin Act 33 to reduce funding for inmate wages by \$1.6M. This compensation plan lowered the rate at which inmates were paid for various activities. Inmate wages now range between \$0.05/hour and \$0.42/hour.

Charging inmates a co-pay for prescription drugs and devices may not generate additional revenue to the extent anticipated, as the number of outstanding loans increased by 28% on a per capita basis after the 2002 increased co-pay. Additional charges, again, would likely result in an increase in outstanding loans.

The Department anticipates inmates may delay seeking medications, or medical care, as the total cost for visits increase. Delayed treatment may result in the need to pursue costlier care at off-site facilities. For example, the Department pays \$1,200 per emergency room visit, on average, which may exceed any savings gained from decreased use of pharmaceuticals. In addition, the diabetic who chooses not to take his medications is likely to experience complications of the disease resulting in higher costs to the

Department in the long term. Per capita medical expenditures for someone with diabetes averages five times the cost for someone without diabetes and if their diabetes is not in control the costs are even higher.

If additional debt is incurred by the inmate while incarcerated, the successful re-entry of the offender may be impacted when released to the community. Inmates often have limited financial resources available to them upon release, and additional charges may make it more difficult for the offender to save for expenses incurred upon release. Inmates are already required to pay the following costs out of their institution trust accounts:

- Court Ordered Restitution
- Child Support
- Federal and State Prison Litigation Reform Act Filing Fees
- Federal and State Taxes
- Account Overdrafts
- Victim Witness Surcharge
- DNA Surcharge
- Child Pornography Surcharge
- Court Costs, Fines, Other Court Ordered Obligations
- Institution Related Loans & Restitution
- DCC Supervision Fees
- Release Account Funds (to pay for state ID)

Several offender liabilities must be paid first by the offender before co-payments, due to the importance or legal nature of those liabilities, such as child support and court ordered restitution.

The Wisconsin Department of Corrections FY09 annual per capita expenditure on medications issued from the central pharmacy was approximately \$680.00. This breaks down to \$57 per month per inmate.

The FY08 annual per capita institutional payroll amount earned by inmates was approximately \$251.00. This breaks down to \$21 per month per inmate.

If this legislation is enacted, the Department would face increased administrative costs resulting from the need to update the Department's information systems to account for each co-payment charged to inmates. In FY09 alone, the Central Pharmacy processed over 850,000 medication orders. The costs of properly administering the program would significantly cut any revenue generation.

The Department appreciates consideration of this important issue. Sound policies and procedures are currently in place to limit the un-necessary use of medications, and control the cost of pharmaceuticals. Formulary management, best prescription practices for physicians and an effective purchasing contract have kept prescription drug costs below private sector cost increases for a number of years in the Department. Pharmaceutical

costs decreased in FY09 compared to the previous fiscal year, resulting from prescriptive best practices, and competitive pricing from DOC's pharmaceutical supplier. Current co-pay charges should adequately dissuade inmates from un-necessarily requesting medical services.



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## MEMORANDUM

TO: Honorable Members of the Assembly Committee on Corrections and the Courts

FROM: Sarah Diedrick-Kasdorf, Senior Legislative Associate *SAD*

DATE: March 11, 2010

SUBJECT: Opposition to Assembly Bill 448

The Wisconsin Counties Association (WCA) opposes Assembly Bill 448 which, among other provisions, requires sheriffs to charge a county jail inmate for prescription drugs and devices provided to the county jail inmate in the jail. The amount the sheriff must charge is the amount the Department of Corrections establishes by rule for the same prescription drug or device provided to a prisoner in a prison.

Counties currently have the option to charge inmates for medical care and treatment within jails. Requiring counties to charge for prescription drugs and devices at a DOC-established rate may decrease county revenue if the DOC-established rate is less than the county rate. In addition, counties will be required to set up an administrative structure to assess and collect the mandated charges. In some instances, the costs of collection will surpass the revenue collected. Charging county jail inmates for medical care should remain a county option, not a state-imposed requirement.

The Wisconsin Counties Association respectfully requests your opposition to Assembly Bill 448.

Thank you for considering our comments.